

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 TRSE-00 AID-05 CEA-01

SS-15 NSC-05 L-03 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 COME-00 EA-07 FRB-03 INR-07 IO-13 NEA-10

NSAE-00 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 AGRE-00

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O R 140015Z OCT 76 ZFF-4

FM AMEMBASSY MEXICO

TO USMISSION OECD PARIS IMMEDIATE

INFO SECSTATE WASHDC 8001

C O N F I D E N T I A L MEXICO 13135

E. O. 11652: GDS

TAGS: EFIN, CIEC, OECD

SUBJECT: CIEC DISCUSSION ON DEBT

REF: STATE 251805

1. REFTEL ARRIVED TOO LATE FOR EMBASSY TO CONTACT MEXICAN OFFICIALS INVOLVED WHO HAD LEFT OVER INTERVENING MEXICAN HOLIDAY FOR G-19 MEETING SCHEDULED TO BEGIN OCT 13. MEXICAN OFFICIALS ARE ESPINOSA DE LOS REYES OF FOREIGN MINISTRY AND ABEL GARRIDO OF TREASURY. ON THIS SUBJECT, HOWEVER, TREASURY HAS BY FAR PREPONDERATE WEIGHT.

2. EMBASSY ECONOFF SPOKE TO MARIO RODRIGUEZ MONTERO, GARRIDO'S DEPUTY. HE STRONGLY ADVISED THAT US MISSION OECD CONTACT GARRIDO DIRECTLY IN PARIS ON SUBJECT OF REFTEL. WE CONCUR. ECONOFF CONVEYED GIST OF PARAS 12 AND 13 OF REFTEL TO RODRIGUEZ.

3. (FOR MISSION BACKGROUND): RODRIGUEZ INFORMED ECONOFF THAT GARRIDO CAREFULLY BRIEFED ORALLY BY TREASURY
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SECRETARY, RAMON BETETA, AND HIS DEPUTY, DE LA MADRID,

ON MEXICAN POSITION ON SUBJECTS OF LDC INDEBTEDNESS, LDDC ACCESS TO CAPITAL MARKETS, AND ON IRB AND THAT NO OTHER MEMBER OF MEXICAN MISSION WAS AS AUTHORITATIVELY INFORMED. HE ALSO SAID THAT MEXICO FOUND ITSELF IN DIFFICULT POLITICAL POSITION WITHIN G-19. IT DID NOT AGREE WITH DEBT RELIEF POSITIONS ADVOCATED BY INDIA AND PAKISTAN BUT DID NOT WANT TO BREAK G-19 RANKS. GOM THOUGHT THAT A "GLOBAL" SOLUTION TO DEBT PROBLEM WAS "IMPOSSIBLE" BUT IT HAD BEEN TRYING TO KEEP A LOW PROFILE ON THE SUBJECT.

4. ABEL GARRIDO IS WELL KNOWN TO EMBASSY AS FORTHRIGHT AND ARTICULATE PROPONENT OF MEXICAN VIEWS. U.S. EDUCATED, HE SPEAKS FLUENT ENGLISH AND IS PERSONALLY MOST CONGENIAL. RODRIGUEZ WILL INFORM HIM OF PROSPECTIVE MISSION CONTACT.

5. COMMENT: WE BELIEVE THAT ECONOMICALLY MEXICAN POSITION ON DEBT RELIEF CORRELATES QUITE CLOSELY WITH THE US/EC PROPOSAL. MEXICO HAS NO DESIRE TO SEE, NOR CAN IT AFFORD, ANY FURTHER WEAKENING OF ITS INTERNATIONAL CREDIT RATING. IT IS CURRENTLY BORROWING HEAVILY IN PRIVATE INTERNATIONAL MARKETS AND FROM IMF TO FINANCE LARGE CURRENT ACCOUNT DEFICIT. IT WILL HAVE TO MAINTAIN THIS HEAVY BORROWING FOR AT LEAST TWO MORE YEARS. RODRIGUEZ WAS OBVIOUSLY AND GREATLY SHOOK WHEN ECONOFF MADE POINT OF PARA 13 OF REFTEL THAT G-19 PUBLICIZING OF DEMANDS OF GENERALIZED RELIEF WOULD HAVE TO EFFECT PRIVATE MARKET VIEW OF MEXICAN CREDIT WORTHINESS.

6. FOR MISSION AND DEPARTMENT: SHOULD CONTACT WITH GARRIDO INDICATE A MEXICAN POSITION THAT IS FAR FROM OUR(AN UNLIKELY DEVELOPMENT, WE BELIEVE), THEN WE CAN ATTEMPT TO SEE UNDER-SECRETARY DE LA MADRID OR SECRETARY BETETA.

7. FOR DEPARTMENT: WE WOULD AGAIN LIKE TO REMIND DEPARTMENT OF DIFFICULTY OF REACHING RESPONSIBLE MEXICAN GOVERNMENT OFFICIALS ON SHORT NOTICE. OVERWORKED AND UNDERSTAFFED, ESPECIALLY ON THE ECONOMIC SIDE, THEY GENERALLY CANNOT BE REACHED ON LESS THAN SEVERAL DAYS NOTICE AND USUALLY APPOINTMENTS MUST BE MADE A WEEK OR

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SO IN ADVANCE.
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